

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 436 - SB 846**

March 10, 2009

**SUMMARY OF BILL:** Requires all physician and dentist offices which perform any medical or surgical pregnancy terminations be licensed as an ambulatory surgical treatment center. Creates minimum standards that must be met by ambulatory surgical treatment centers for licensure. Deletes the requirement that the administrator of a facility in which pregnancy terminations are performed be a licensed physician, licensed practical nurse, registered nurse, or an individual with a four-year degree and health-related experience.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – The Board for Licensing Health Care Facilities will incur an increase in one-time expenditures of \$17,200 and recurring expenditures of \$268,100. The additional licenses will result in an increase in revenue of \$149,000 at the current licensure fee rate. Due to the Board operating in a negative balance over the past few years, it is not estimated that fees will be increased to cover the remaining \$136,300 in expenditures.**

**Assumptions:**

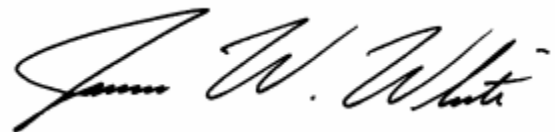
- According to the Department of Health, there are approximately 2,200 physicians who will be impacted by this bill. It is estimated that 25 percent, or 550, will have the facilities to comply with the requirements of the bill and will apply for a certificate of need.
- It is estimated that 25 percent of those applying will successfully obtain a certificate of need resulting in 138 (550 x .25) new applicants for licensure as an ambulatory surgical treatment center.
- The Board for Licensing Health Care Facilities charges \$1,080 annually in licensing fees for ambulatory surgical treatment centers. There will be an increase in state revenue of \$149,040 (138 x \$1,080).
- According to the Department of Health, the Board will need four additional positions. These include an Administrative Services Assistant 2 to handle the increase in applications and annual renewals, two Public Health Nurse Consultant 1 positions to conduct health surveys

and perform complaint investigations, and a Fire Protection Specialist to conduct life safety code inspections and complaint investigations.

- These positions are estimated to result in an increase in one-time expenditures of \$17,200 which includes costs for computers and printers (\$6,400) and office set-up (\$10,800).
- These positions are estimated to result in an increase in recurring expenditures of \$268,143 which includes salaries (\$158,316), benefits (\$53,827), administrative costs (\$31,600), communications and networking (\$5,600), office leasing (\$16,400), and supplies (\$2,400).
- Pursuant to Tenn. Code Ann. § 68-11-216, the Board for Licensing Health care Facilities is required to be self-supporting over a two-year period. The Board had a negative closing balance of \$440,300 in FY06-07 and a negative closing balance of \$217,700 in FY07-08.
- While the Board has been reducing its negative balance over the past few years, it cannot be estimated that the Board would increase fees to cover the additional expenditures. The estimated \$149,040 in increased revenue will go towards covering the additional expenditures of \$285,343 in FY09-10 but will not be enough to cover the expenditures as required by law.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kml